CMHC HOUSING OUTLOOK NATIONAL EDITION

Canada Mortgage and Housing Corporation

Housing markets to taper off in 2002

Fourth Quarter, 2001

Overview

Starts:
2001: 160,100
2002: 155,800

Resales:
2001: 364,500
2002: 357,100

Starts: Starts will rise this year but taper off next year. The sputtering North American economy will bite into demand for new homes in 2002. The level of starts will still be healthy, however, given low mortgage rates, high immigration, record low inventories of newly completed and unoccupied units, high sales to new listings ratios in the existing home market, and low rental vacancy rates.

Resales: Look for a record this year but some drop off next year. Demand for existing homes will soften as a result of weak job creation, only partly offset by lower mortgage rates.

Prices: Look for resale price growth to remain strong this year and moderate somewhat in 2002.

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CMHC Housing Outlook: National Edition is your national sales, marketing, and business planning tool.

The Nation's HOT SPOTS

Alberta: Despite lower energy prices, oil and gas investment will sustain the province's economy and strong housing market in 2002 (See Page 10).

Ontario: Its housing market will cool down in 2002 as its economy slows, but housing starts and resales will remain at high levels. (See Page 13).

British Columbia: Low mortgage rates will release pent-up demand for housing in the province. (See Page 14).

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National Housing Outlook

In Detail

Lots of apartments but fewer singles

Since 1999, higher and steadily rising prices for single-detached homes have pushed many homebuyers toward relatively less expensive units, especially apartments. The trend is expected to continue into 2002. As a result, much of the anticipated decline in housing starts next year will occur in the single-detached segment. The apartment segment is expected to be more robust with virtually the same number of starts in 2002 as in 2001.

More rental and condominium starts

Low rental vacancy rates and high immigration levels will help trigger stronger multiple construction through to 2002. The number of rental starts, however, will remain at relatively low levels. Many of these rental developments will target a specific niche, either the seniors or the affluent. There will also be more condominium starts with a portion of these actually ending up rented. Apartment condominiums will remain most popular in B.C., Alberta, and Ontario.

Fewer singles in Alberta next year

There will be fewer single-detached starts next year. Most of the decline will occur in Alberta. The pace of single-detached construction in the province will remain solid, but will be off relative to a very strong pace in 2001. Ontario and Quebec will also see fewer singles started as housing demand in these markets cool down.

Record resales in 2001, fall back in 2002

Increased listings, strong demand, and favourable mortgage rates will add up to record resales in 2001. While low mortgage rates will continue to power resales in 2002, there will be fewer transactions due to a more lacklustre job market, particularly in Ontario and Quebec.

Price gains will moderate next year

Look for more moderate price gains next year as ratios of sales to new listings decline from record highs this year. Many provinces will see a swing away from a seller's market toward a more balanced market.

Spotlight on IMPACT OF TERRORISTS' ATTACKS

Housing demand will be affected but there are offsetting influences

In light of the gravity of the economic situation subsequent to the terrorists' attacks in the U.S. September 11, as witnessed by the plunge in stock markets worldwide, the Bank of Canada quickly lowered its key bank rate. With more bank rate cuts expected by the end of 2001, this will allow short term mortgage rates to fall about 3% lower than at the beginning of 2001. With our model simulations indicating 8,000 more starts within 3 to 9 months for each sustained percentage drop in mortgage rates, this means that there is an upside in housing starts through to the end of 2002.

On the down side, forecast GDP growth in Canada is being shaved some 0.5% with a high risk of recession starting in the third quarter of this year. Much of this drop reflects reduced exports due to a downshift in economic growth in the U.S., but also a pull back in consumer spending within Canada due to lower job levels and consumer confidence over the next several months. With our simulations indicating 9,000 fewer starts within 3 to 9 quarters for each sustained percentage drop in job levels (i.e. a drop of 150,000 jobs), this means that there is some downside in housing starts through to the end of 2002.

Still, consumer confidence is a key factor and a wild card for our outlook. If confidence falls not just lower but to recessionary levels, housing demand may well be lower than projected.

On balance, many factors remain in favour of housing markets in Canada (See Pages 4 and 5).

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Trends Impacting Housing

What to Watch For

- √ *Pace of economic growth*
- √ *Job creation pace*
- √ *Consumer confidence*

The economy

Expectations for economic growth this year and next have been scaled back significantly as a result of the terrorist attacks in the U.S.. The events have hurt several key industries worlwide including tourism, air transportation, aerospace manufacturing, finance and insurance. International trade has also been hampered by increased cross-border security.

In this new environment, Canadian exports, corporate profits, business investment, and consumer spending will all soften in the months ahead. Canadian economic growth is expected to be weak, no more than 1.6 per cent this year and 2.3 per cent next year. The risk of a recession is the highest it has been over the last ten years.

Employment

Similar to economic growth, expectations for job growth this year and next have been scaled back. Employment is expected to post a 1.1 and a 1.5 per cent gain in 2001 and 2002 respectively. Despite this slower growth, housing markets will continue to reap rewards from the million plus job gain in the last three years. Job gains do not always translate immediately into housing demand since individuals and families require time to accumulate necessary finances and to assess their housing needs.

Consumer confidence

Volatile equity markets and a slower economy have produced some uncertainty but have not unduly dampened the mood of consumers during the first nine months of this year. This steadiness, however, is now being tested by recent events. Announcements of large job losses, rising unemployment rates, the plunge in stock markets, and a stream of other negative news will shake consumer confidence and spending.

Positive Impact

- √ *Low mortgage rates*
- √ *High immigration*
- √ *Tight supply of unoccupied units*

Mortgage rates

The outlook for mortgage rates is very favourable. Concern over slowing economic growth has prompted a series of interest rate cuts in Canada and the U.S., with additional easing expected. Rates will edge up late next year as the economy strengthens. Through the end of 2002, look for one-year rates in the 4.50-5.50 per cent range, three-year rates between 5.50 and 6.50 per cent, and five-year rates from 6.50 to 7.50 per cent.

Migration

Immigration has rebounded sharply after falling in 1998. Landings rose in 2000 to nearly 227,000, just above the the target range of 200-225,000. Immigration is on pace to surpass the target by a wide margin with over 250,000 persons coming to Canada this year. Expectations are for immigration levels to remain high next year but decline given more stringent security screening measures. Taking into account other migration flows, such as emigration and migration of non-permanent residents, total net migration to Canada since 1996 will easily be over the one million mark, substantially lifting demand for housing, particularly in the four largest provinces.

Inventory of unoccupied dwelling units

Spurred by phenomenal job growth, demand for housing, whether homeowner, condominium or rental, has been outstripping supply for the last several years. This has been the case even this year despite little job growth. This strength in housing demand has only partly showed up in the number of housing starts because inventories of newly completed and unoccupied units have been drawn down to record levels, and rental vacancy rates have dropped to cyclical lows. These inventories are so low that any additional demand will now have to be met through higher housing starts.

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Trends at a Glance

Key factors and their effects on home building

Factor	Comment	Impact 2001	Impact 2002
Mortgage rates	Easing this year and staying low next year.	👍	👍
Employment	Strong job creation through 2000 fuels housing demand this year, but the lacklustre job market in 2001 will dampen demand next year.	👍	👎
Incomes	Will benefit from tax cuts and wage gains.	👍	👍
Net migration	Large immigration flows in the last few years and in 2001-02 will sustain housing demand.	👍	👍
Household formation	Higher as a result of improved net immigration and job creation over the last few years.	👍	👍
Consumer confidence	Consumer confidence was strong for the first half of 2001 but is expected to decline in line with reduced job prospects in the last few months of 2001. May have more of an impact on 2002 housing demand.	👍	👎
Resale market	Demand spillover from record tight resale markets boosts construction of new homes, although less so in 2002.	👍	👍
Unoccupied new units	Low inventories a positive signal to builders.	👍	👍
Vacancy rates	Low rates trigger multiple construction.	👍	👍
Profits	House prices expected to rise faster than combined costs of labour and materials.	👍	👍

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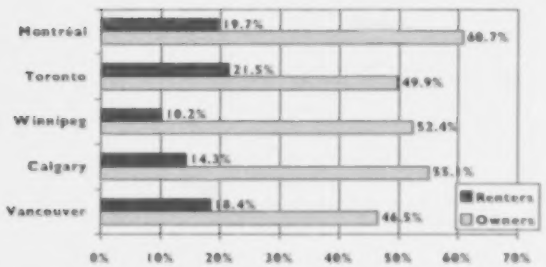
Even renters are renovating

A survey conducted by the Print Measurement Bureau revealed that nearly one in five renters in Canada performed renovations in their dwelling in the last two years for an average expenditure of $2,312.

One in five renters and one in two homeowners renovated in the past two years

According to a Print Measurement Bureau (PMB) survey on residential renovations in Canada, 19.7 per cent of renters stated that they had performed renovations in the past two years, while this percentage was 53.7 per cent for owners of single-family homes.

Percentage of Renovators Renters vs. Owners



Source: Print Measurement Bureau 2000

In the homeowner group, top honours went to Montréal with 60.7 per cent of renovating households. Calgary came in second with 55.1 per cent of renovating homeowners, followed by Winnipeg, Toronto and Vancouver.

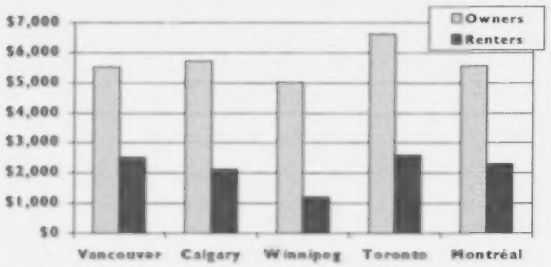
As for renters, Toronto led the way with 21.5 per cent of renovators, closely followed by Montréal (19.7 per cent) and Vancouver (18.4 per cent). Calgary and Winnipeg presented a very different profile in this sector, with 14.3 per cent and 10.2 per cent of renovating renters, respectively.

Proportionately, renters spend an amount equivalent to 43 per cent of renovation expenses incurred by homeowners

Nationally, the PMB survey revealed that homeowners who performed renovations in the past two years spent an average of $5,365 on their projects. However, what may seem surprising is that renovating renters spent an average of $2,312, or 43 per cent of the level of expenses incurred by homeowners.

In Toronto, renovating homeowners spent an average of $6,621 in the past two years, the highest level of renovation expenditures recorded among the five cities studied. Homeowners in the other cities stated that they spent between $5,009 (Winnipeg) and $5,551 (Montréal), on average.

Average Renovation Expenditures Renters vs. Owners



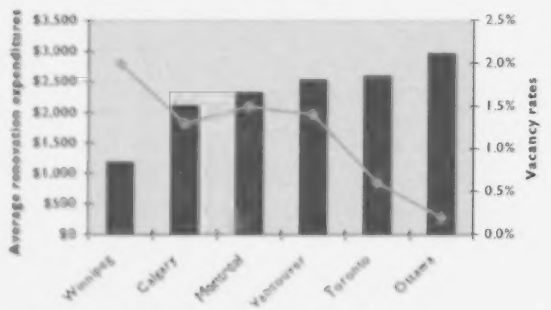
Source: Print Measurement Bureau 2000

It was also in Toronto that the average renovation expenditures of renters were the highest, at $2,585. Renters in Montréal, Vancouver and Calgary indicated average expenditures exceeding $2,000, while those in Winnipeg spent only $1,189 to renovate their dwelling.

Link between vacancy rates and renovation expenditures among renters

The graph below clearly shows a correlation between the level of renovation expenses incurred by renters and the vacancy rate in the city where they live.

Vacancy Rates and Renovation Expenditures among Renters



Sources: Print Measurement Bureau and CMHC 2000

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This suggests that, in certain cities, the more limited choice of apartments is forcing renters to opt for units that do not exactly suit their tastes. These renters then have to invest a certain amount of money in renovations in order to make up for the deficiencies of their dwellings in terms of interior decorating or modernization.

In addition, renters in cities where the vacancy rates are low have a strong incentive to stay in their current dwelling even if it no longer perfectly suits their taste or if they have the means to afford a little more luxury. Rather than move and risk being disappointed elsewhere, they may prefer to renovate their apartment, adding a personal touch.

What do renters renovate?

Yes, renters do renovate, but what exactly do they renovate? The PMB survey revealed that renters mainly undertake interior decorating projects.

In all, 61.8 per cent of renters tackle painting or wallpapering in their dwelling. Another 30.7 per cent change the floors or carpets, 25.9 per cent renovate the basement, kitchen, bathroom or family room, 19.8 per cent improve the insulation by renovating doors and windows, 19.3 per cent rearrange their landscaping and 16.9 per cent perform plumbing, heating or air conditioning work. Very few will make changes to their kitchen cabinets or add rooms to their dwelling.

Renter Renovations

Renovation types	Percentage
Remodelling (basement, bathroom, kitchen, family room)	25.9%
Additions	8.0%
Painting/WallPapering	61.8%
Flooring/Carpeting	30.7%
Cabinetry	8.8%
Landscaping	19.3%
Plumbing/Heating/Air Conditioning	16.9%
Windows/Doors/Insulation	19.8%

Source: Print Measurement Bureau 2000

The extent of renter renovation may seem surprising, but it clearly shows the importance that renter households attach to the comfort and quality of their dwelling, to the point of undertaking major renovations.

Types of renovations vs types of homes

Original owners (90 per cent of these owners in the sample, who had bought their home new, had lived in their home for over three years) and resale owners have different concerns with regard to the types of renovations that they perform. The PMB survey clearly brings out these differences.

Here is a striking example: one in two resale owners had performed basement, bathroom, kitchen or family room renovations, compared to one in three original owners, for a difference of 18 percentage points. This major gap may well be attributable to the fact that original owners had agreed to the layout plans of their rooms and generally remain satisfied with their choices longer.

Owner Renovations by Owner Type

Renovation Types	Original	Resale
Remodelling (basement, bathroom, kitchen, family room)	32.2%	50.3%
Additions	12.5%	9.8%
Painting/WallPapering	50.3%	53.0%
Flooring/Carpeting	34.7%	41.4%
Cabinetry	10.9%	13.4%
Landscaping	33.3%	33.4%
Plumbing/Heating/Air Conditioning	17.9%	25.1%
Windows/Doors/Insulation	27.2%	33.1%

Source: Print Measurement Bureau 2000

Resale owners, on the other hand, often make their purchase based on their overall assessment of the home and plan a number of renovations in the short or medium term to adapt the rooms to their tastes and also to add a touch of modernism.

Non-negligible differences were also observed for such projects as replacing floors and carpets, improving the plumbing, heating or air conditioning, and renovating doors and windows. The other categories of renovations showed more marginal gaps,

The only category where original owners predominated was that of additions. It would seem that, after a number of years, original owners put greater emphasis on possible additions to their home than do resale owners.

Renovation spending slightly higher among resale owners

In general, one can expect renovation expenditures to be greater among resale owners than original owners, and this is one of the findings that came out of the PMB survey. However, it was surprising to note how narrow the gap was between the two groups.

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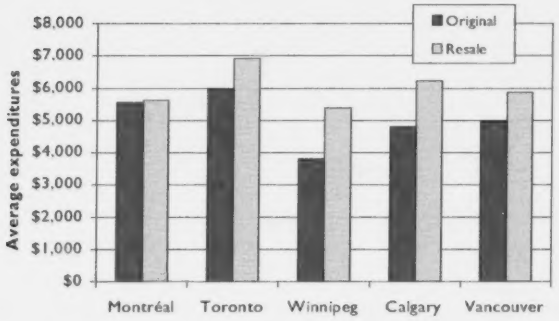
In fact, the average difference between the expenses incurred by resale owners and original owners in the last two years was only $404. Resale owners indicated that they spent an average of $5,572 in the last two years, compared to $5,168 for original owners.

While this assumption cannot be verified from the PMB survey, it can be supposed that original owners generally keep their homes long enough to end up with renovation expenses that are very comparable to those incurred by resale owners.

Average Renovation Expenditures
Original vs. Resale Owners



Source: Print Measurement Bureau 2000

The average renovation expenditures in Montréal were practically equivalent for original owners and resale owners. The widest gap was registered in Winnipeg at $1,592, followed by Calgary at $1,411, while Toronto and Vancouver showed differences of $929 and $897, respectively.

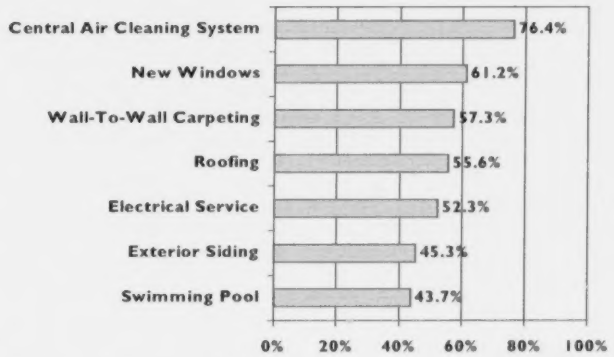
Nearly one in two homeowners perform their own renovations

The PMB survey also collects information concerning the principal person performing the residential renovations, by type of project.

Among all respondents in Canada, 44.7 per cent replied that they were the principal person who had performed the home renovations. Homeowners stated that they had hired a contractor in 29.2 per cent of cases. Finally, the remaining 26.1 per cent had requested the help of a friend or family member to undertake their renovations.

For certain, sometimes more complex and more technical types of renovations, a greater proportion of homeowners had retained the services of a contractor. The graph below presents seven categories of work for which skilled labour was most often called on, namely: central air cleaning system, new windows, carpets, roofing, electrical service, exterior siding and swimming pool.

Renovation Projects for which Owners Often Hire Contractors



Source: Print Measurement Bureau 2000

However, some renovations were performed mostly by the homeowners. For example, 52.1 per cent of renovating homeowners replied that they had built their own shed. Homeowners had also tackled most wall covering projects (wallpapering, painting and others) themselves, that is, in 59.0 per cent of cases. Homeowners were also the principal renovators for the following projects: treating exterior wood (63.2 per cent), caulking (58.6 per cent), weatherstripping (59.7 per cent), insulating (50.6 per cent) and finishing the basement (49.5 per cent).

Print Measurement Bureau Survey

The annual Print Measurement Bureau survey is based on a sample of 24,000 people. The sample design used in the PMB survey is consistent from year to year. A new sample is drawn each year to represent the entire population of Canada (with minor exceptions - e.g. Far North, Institutions, Reservations).

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British Columbia

Overview

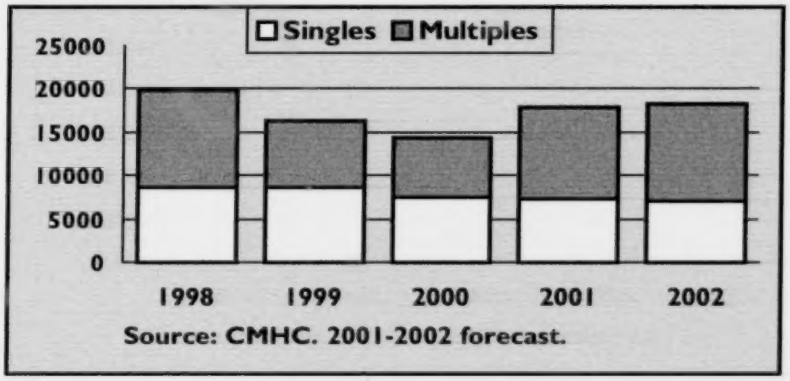
Housing markets doing well despite economic slowdown

Residential housing markets continue to be a bright spot in urban British Columbia. Lower interest rates have not only stimulated first-time buyer activity but also lowered financing cost for developers, enabling them to hold the line on price levels. Moreover, dramatic gains in the resale market and a diminishing inventory of new housing, should continue to promote improving housing starts for the remainder of this year and next.

The economic picture is not as positive. Continued weakness in the U.S. and Japanese economies is holding back BC's important tourism and export sectors. As such, average job growth for the year is expected to be negligible. While the application of the 19.3% tariff at the border on value-added softwood products has already sparked a number of layoffs at coastal BC mills, expect to see ongoing job losses in the months ahead. On a more favourable note, the province's energy sector continues to exhibit considerable momentum. Even with some expected easing in natural gas and electricity prices, the outlook is very positive for more investment in this sector over the next few years.

Barring a longer than expected slowdown in the global economy, internal forces such as the impact of considerably lower tax rates as well as improving business and consumer confidence should help to propel economic growth in BC over the longer term.

B.C. Starts



Source: CMHC. 2001-2002 forecast.

In Detail

Single Starts: Single detached starts will remain decline slightly this year and next. A diminishing supply of land and high development costs will limit new single-detached supply in **Vancouver**. However, marginal increases are expected in **Victoria** and **Kelowna** where moderate price levels and lower interest rates are fueling move-up buying.

Multiple Starts: Multiple starts continue to drive new construction activity, particularly in **Vancouver**. Motivated by low vacancy rates, new rental starts will see their highest levels in nearly a decade this year. New condominium development will continue to be favourable next year, with demand strongest for urban townhouses and high rise units.

Resales: Record housing sales have been reported in **Vancouver** and **Victoria** this year. With mortgage rates remaining low, these higher sales levels should hold up through 2002.

Prices: Despite strong sales levels, average prices have remained relatively stable in most markets. A greater proportion of first-time buyers has shifted demand toward more moderately priced units. However, an increasing sales-to-active listings ratio points towards tighter market conditions and suggests future upward pressure on prices

Spotlight on CONSUMER CONFIDENCE

For over a decade, BC residents have been one of the least optimistic provinces in Canada when it comes to the health of their economic future. However, the Conference Board of Canada reported that certain aspects of consumer confidence jumped in the second quarter of 2001.

This improvement in consumer confidence, in tandem with lower interest rates, has had a potent impact on the spending habits of BC residents. In particular, retail sales are up 6 per cent from a year ago while interest in homebuying has rebounded dramatically.

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Alberta

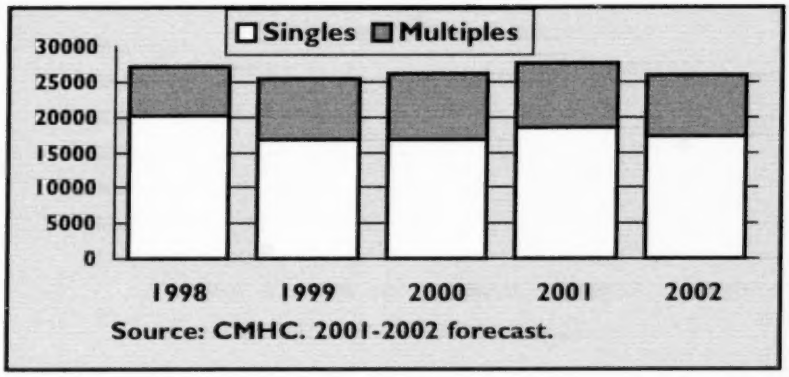
Overview

Economic growth continues

Economic indicators continue to point to a strong performance for the Alberta economy in 2001. Through the first six months of the year, retail sales were up 10.1 per cent. Over the same period, manufacturing shipments and farm cash receipts increased by 6 per cent and 11.8 per cent, respectively. From January through May, crude oil production grew by 1.8 per cent over the same period in 2000, while output of natural gas recorded a marginal gain of 0.8 per cent.

Due to a high level of activity across several sectors, the labour market in Alberta will outperform the national average in 2001. The provincial economy will generate over 40,000 jobs this year, accounting for about 23 per cent of the total job gains in the country. This will be the highest share of jobs generated since 1996 when the Alberta economy created about 37 per cent of all new employment in Canada.

Alberta Starts



Source: CMHC. 2001-2002 forecast.

Economic and job growth in 2002 is forecast to be slightly lower than in 2001. The recent softness in the price of natural gas is forcing producers to rethink their investment plans for the coming year. In addition, the slowdown in the U.S. economy and central Canada is anticipated to have a negative impact on export activity.

Despite lower employment growth, however, the Alberta job market will continue to perform significantly better than the national average. As a result, the province will remain the destination of choice for interprovincial migrants and demand for housing will stay at high levels over the forecast period.

In Detail

Single Starts: Excess demand from the resale market continues to spill over into the single-detached market. In 2001, single-detached starts will post their best performance in three years. In 2002, single-detached starts will remain flat in **Edmonton** and decline slightly in **Calgary** and other centres. Nevertheless, overall activity in this sector will remain above the average of the past five years.

Multiple Starts: Construction activity is forecast to drop by 2 per cent this year as declines in **Calgary** will more than offset gains in other centres. Lower activity in **Calgary** will enable the absorption of excess inventory in that centre. In 2002, overall multiple starts in the province will be very close to the average of the past five years.

Resales: Total sales on the MLS will set a new record this year due to favourable mortgage rates and a strong job market. Sales will dip slightly in 2002 as mortgage rates bottom out and employment gains moderate. However, overall MLS sales next year should still be the second best year on record.

Prices: Steady demand and low levels of listings will contribute to price gains over the forecast period. The average MLS price is forecast to increase by nearly 4 per cent this year and jump a further 3.3 per cent in 2002. Among provinces, only B.C. and Ontario have higher prices than Alberta. The overall price differential between B.C. and Alberta is about $65,000. The price differential between Ontario and Alberta is about $45,000.

Spotlight on EDMONTON

This year Edmonton is the hot spot for housing markets in the province. From 2000 to 2001, total MLS sales in Edmonton are forecast to rise by about 12.1 per cent compared to 8.9 per cent in Calgary.

Edmonton is also leading the province in terms of growth in starts. This year, total starts in Edmonton will be up by about 12.4 per cent compared to 5.3 per cent for the province as a whole. Total housing starts in Edmonton are expected to reach 7,000 units in 2001 and remain near this level in 2002.

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Saskatchewan

Overview

Housing market is expected to improve next year

Overall job growth numbers are giving negative signals regarding the health of the economy this year. Through the first eight months, over 11,000 jobs were lost compared to the same period a year earlier.

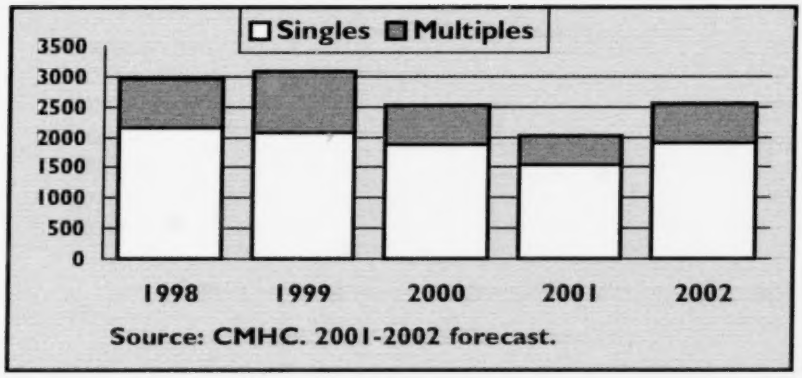
A more thorough examination of the data reveals, however, that labour markets in **Regina** and **Saskatoon** are holding their own. Indeed, most of the job losses have taken place in the rural agriculture sector.

The relative economic strength of the two major cities are encouraging many households to move from rural to urban areas. This has resulted in higher resales in **Saskatoon** and **Regina** but lower resales outside these two centres

At the same time, better job opportunities in other provinces are encouraging many Saskatchewan households to leave the province, lifting the number of listings and relieving pressure on the resale market. This, in turn, has limited a spillover of demand into the new home market and reduced starts activity this year.

Next year housing demand will rise as job growth resumes and migration to other provinces slows. Some of this demand will spillover to the new home market as listings on the existing home market will be insufficient. As a result, housing starts will increase and inventory levels will return to more normal levels. Total starts are forecast to reach 2,550 units in 2002.

Saskatchewan Starts



Source: CMHC. 2001-2002 forecast.

In Detail

Single Starts: Since the existing home market will largely meet demand for single-detached homes, the need for new single-detached housing starts will be limited in 2001. About half of the drop this year will occur in **Regina** and **Saskatoon**. Starts are expected to rebound next year as job growth and therefore housing demand improves. About two-thirds of the gains will come from **Regina** and **Saskatoon**.

Multiple Starts: Rural to urban migration will maintain demand for multiple dwellings, but demand will be largely satisfied by newly completed and unoccupied inventories as opposed to new starts this year. As inventory levels come back to normal and the number of jobs increase, multiple starts will jump by nearly 40 per cent in 2002. About 55 per cent of the increase will occur in **Regina** and **Saskatoon.**

Resales: The resale market in Saskatchewan is moving in the same direction with the national market, benefiting in part from lower mortgage rates. MLS sales will rise by 2 percent this year. A stable number of listings, however, will result in a sales plateau next year.

Prices: A relative scarcity of moderately-priced listings will contribute to price gains over the forecast period. Next year, the average resale price in **Regina** should reach the $100,000 level.

Spotlight on IMMIGRATION

Saskatchewan has a long history of net out-migration. Although out-migrants represent a loss of housing demand, housing professionals must not ignore the fact that the province sees new in-migrants every year.

In the period 1995 to 2000, the province had more than 18,000 in-migrants per year. Most of these (about 16,500) came from other provinces, most notably, Alberta. On average, more than 90 per cent of these in-migrant households purchased a new or existing home. Only 10 per cent rented.

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Manitoba

Overview

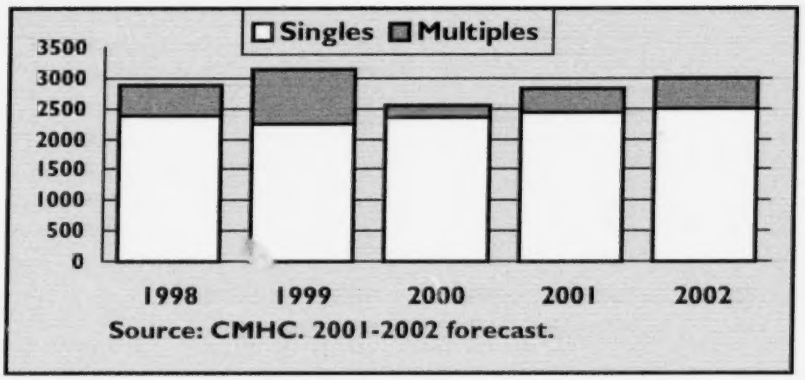
Steady performance continues

Economic indicators are pointing to another year of steady performance for the Manitoba economy in 2001. From January through August, total employment was up by 0.6 per cent over the same period a year earlier. Losses in the goods producing sector were offset by gains in the service producing sector.

The job market in **Winnipeg** has performed better than the rest of Manitoba. Through the first eight months of the year, total employment increased by 1.8 per cent in **Winnipeg.** From January through August, employment in **Winnipeg**'s service sector grew by 2.5 per cent over the same period in 2000, while jobs in the city's goods producing sector recorded a marginal decline of 0.4 per cent.

Economic and job growth in 2002 is forecast to be very close to the levels seen in 2001.

Manitoba Starts



Source: CMHC. 2001-2002 forecast.

Since a large share of Manitoba's manufacturing sector is oriented toward production of non-durable goods, which is less cyclical, the province will better withstand the slowdown in the U.S.

The tight labour market should lead to wage gains and attract a greater number of workers to the province. This will result in positive net migration next year.

Favourable job prospects, migration, and household formation should sustain demand for housing through 2002.

In Detail

Single Starts: The single-detached market is benefiting from a very active resale market. Move up buyers unable to find a home of their choice in the existing home market are turning to the new home market. Single starts are forecast to rise by about 4.3 per cent this year and a further 2 per cent next year. About half of these starts will take place in the **Winnipeg** census metropolitan area.

Multiple Starts: Multiple starts will jump by about 75 per cent this year and are expected to rise a further 35 per cent next year. As in Saskatchewan, most of the multiple starts will be targeted toward the 55 plus population seeking a more carefree lifestyle in terms of home maintenance.

Resales: A strong job market in **Winnipeg** and favourable mortgage rates have been driving the resale market in the province. In 2001, MLS sales in Manitoba are expected to rise by 4.6 percent over last year's level. Sales will plateau in 2002 due to a lack of listings for move-up buyers.

Prices: Continued strength in demand coupled with greater sales at the higher end of the price spectrum will contribute to price gains in 2002. Next year, the average resale price in **Winnipeg** is forecast to increase by 4.8 per cent, slightly outpacing the gain of 4.3 per cent for the province as a whole.

Spotlight on EARNINGS

The latest statistics indicate that wages have gone up in Manitoba. From January through August, average weekly earnings in Manitoba grew by 3.5 per cent over the same period a year earlier. Weekly earnings in goods producing and service producing sectors were up by 5.3 and 3.1 per cent, respectively.

Higher earnings combined with favourable mortgage rates are having a beneficial impact on the move-up buyer housing market in the province.

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Ontario

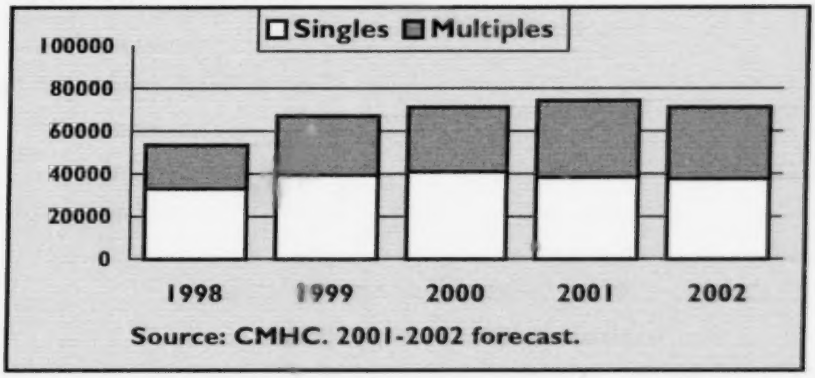
Overview

Twelve year housing starts record

Home starts will put in their best performance in twelve years. Low mortgage rates and sky-high immigration levels will boost home starts from 71,521 in 2000 to 74,800 this year — the highest level since 1989. Starts will edge lower to 71,500 in 2002 as the impact of slower economic growth sets in.

The economy, one of the key housing demand ingredients, has lost steam. Job creation has been at a standstill since January. Auto-sector and recent border crossing woes will combine with airline and hospitality sector problems to result in low to negative job growth into the beginning of next year. Economic indicators lost ground even before the World Trade Centre event, though most were at reasonable levels. For example, consumer confidence edged lower. Business bankruptcies were edging up. The Help Wanted index inched down.

Ontario Starts



Source: CMHC. 2001-2002 forecast.

Another key housing demand ingredient is people. Here we had a good -news story, in-migration skyrocketed. August year-to-date immigration to Canada has been running at levels consistent with a fifth above the 225,000 upper target limit. The majority of arrivals chose Ontario for its established ethnic and social networks. High in-migration should trail off throughout next year as a result of increased security and a decline in appetite for travel in the aftermath of the World Trade Centre disaster.

Ultimately, the health of existing home markets set the stage for new construction. Low mortgage rates, which have kept home-ownership accessible, have led to record existing home sales and rising resale home prices. The province's tightest resale markets are in Central and Southeastern Ontario: **Toronto**, **Ottawa** and **Kitchener-Waterloo**.

In Detail

Single Starts: Single detached home starts will edge lower both this year and next. Single-detached homes are the most expensive home type. Rising home prices in Ontario's larger centres have made multiple family homes an affordable substitute.

Multiple Starts: Condominium and ownership row home construction has been running well above last year's. Multiple starts will jump by just under a fifth this year and will retreat slightly when interest rates edge up in 2002. Low vacancy rates and a growing renter aged population will boost rental apartment construction. Rental starts, however, will remain low by historical standards.

Resales: Home sales through the Multiple Listing Services have shrugged off the bad economic news. Affordable mortgage rates, the influx of new arrivals and tight rental markets will raise home sales to record heights this year. A more cautious consumer will move home sales lower next year.

Prices: Leading home price indicators, such as the sales-to-new listings ratios, imply that most of the province's resale markets are balanced to tight. Home price increases will slow from double the general rate of inflation this year to the general rate of inflation next year as the economy cools.

Spotlight on the RENTAL MARKET

Vacancy rates are low in all major Ontario centres with the exception of the North. High in- migration to the province and a shift in age demographics to moderately stronger growth in the younger age population has boosted demand for rental. Migrants and younger aged households tend to rent until they become established.

The Ontario Ministry of Municipal Affairs and Housing announced that the allowable occupied unit rent increase will go up from 2.9 per cent in 2001 to 3.9 per cent in 2002. This rent increase guideline is designed to reflect changes in building operating costs. Higher home heating costs are a major reason for the 2002 increase.

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Quebec

Overview

Residential construction will moderate with economic slowdown

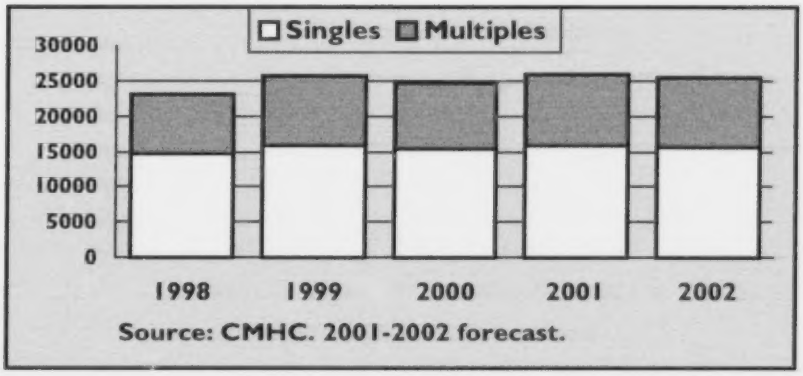
Residential construction in Quebec will be on the rise this year, but will decline slightly next year, following the economic slowdown in the United States. The housing impact of the North American economic slowdown will be heightened by the repercussions of the events of September 11.

However, tax cuts and lower mortgage rates will help cushion these effects. Job creation will also remain positive, although at a slower pace. The unemployment rate will reach 8.8 per cent in 2001 and 9.1 per cent in 2002.

The tight rental market will also benefit homebuilding. The Quebec rental vacancy rate was 2.2 per cent, according to CMHC's 2000 survey. The rate is expected to be under the 2.0 per-cent mark in the three large metropolitan areas (**Hull**, **Montréal** and **Québec**) this year and next.

The solid performance of the labour market in recent years, fewer unoccupied units for rent, and a reduced number of properties for sale are factors that will support homebuilding this year and next. It is therefore expected that there will be 25,900 starts in 2001 and 25,500 in 2002.

Quebec Starts



Source: CMHC. 2001-2002 forecast.

In Detail

Single Starts: Low inventories of new and existing homes, the good performance of the job market in the last few years, increasing disposable income and lower mortgage rates will support the construction of 15,900 houses in 2001. However, the recent weakness of the labour market will be felt on the level of activity in 2002, when 15,600 starts are expected.

Multiple Starts: Multiple starts will rise near the 10,000 mark this year and next year because of low rental vacancy rates and a robust demand for retirement homes. Total condominium starts will remain at high levels also despite a slight decline in the **Montréal** market due to a moderate rise in unsold inventories.

Resales: Sales will continue to rise this year, but will fall in 2002 as a result of more moderate employment growth and a more limited choice on the existing home market. Decreasing mortgage rates will encourage homebuying.

Prices: The resale market will see upward pressure on the average price of houses given conditions increasingly favourable to sellers. Average MLS price is expected to increase by 4.3 per cent this year and by 2.6 per cent next year.

Spotlight on RETIREMENT HOME MARKET

According to a recent CMHC survey, the retirement home market in Quebec continues to pick up in almost all areas. This phenomenon is mainly attributable to the ageing of the population, and the improving financial position of the older population.

The growth potential is greater in the Montréal and Hull areas where the senior population is large relative to the supply of retirement homes. New projects often take the form of apartment buildings with 100 or more units, developed in phases, and targeted to the mid- to upper-range niches.

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New Brunswick

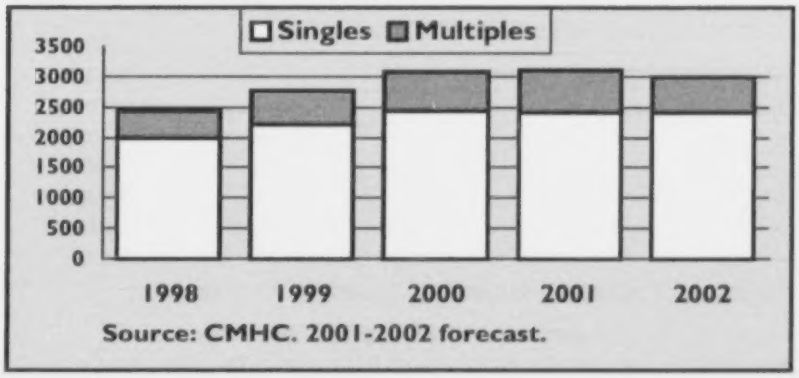
Overview

Migration to sustain housing demand despite slower economy

Capital spending has played a key role in New Brunswick's economic performance over the last few years. However, the completion of the main gas pipeline, the Irving Oil refinery expansion, the **Fredericton-Moncton** highway and the lateral pipeline to Saint John will cause a substantial drop in capital expenditures.

Provincial exports are also expected to decline as a result of the recent tragic events in the U.S.. Weaker demand for petroleum and pulp and paper products will cause a drop in manufacturing shipments. Expect GDP to moderate to a 2 per cent growth rate this year before rising slightly to 2.5 per cent in 2002.

New Brunswick Starts



Source: CMHC. 2001-2002 forecast.

Slower economic growth will mean employment growth over the forecast period will not match the pace set last year. Growth in employment will be essentially nil in 2001 and 0.9 per cent in 2002. Furthermore, the labour force will expand at a faster pace, causing the unemployment rate to rise near 11 per cent this year and next.

Despite a slowdown in economic and employment growth, the demand for housing remains strong. Intra-provincial migration, from the economically weaker areas of the province to urban centres such as **Moncton**, will sustain demand for the new home market.

In Detail

Single Starts: Construction of single-family dwellings bounced back this summer, following a weak start due to the severe winter conditions. Residential activity is expected to remain strong in the Fall with the significant drop in mortgage rates. As a result, the level of single starts will remain high, again near 2,400 units this year and next.

Multiple Starts: Near record low vacancy levels in all areas of southern N.B. have stimulated the construction of multiple dwellings particularly in **Moncton** and **Fredericton**. In 2001, multiple starts will rise to the highest level since 1993. The construction activity will decline slightly in 2002 but remain strong in historical terms.

Resales: A slow start in new residential construction earlier this year combined with low mortgage rates and a relatively broad supply of listings will help the resale market to maintain a record level of sales over the next two years. Our current forecast indicate sales to rise to 4,600 and 4,650 units in 2001 and 2002 respectively.

Prices: An increased number of higher priced homes will push the average sale price to $94,000 and $95,000 in 2001 and 2002 respectively.

Spotlight on GREATER MONCTON

Greater Moncton's economic growth over the last ten years has been remarkable. Employment levels are currently near record highs and in-migration remains strong. Single construction in Greater Moncton has always captured almost half of the total starts in N.B. urban centres. The construction of multiple dwellings remain strong, yet vacancies are near record low.

Future prospects remain positive. Large construction projects such as the new airport to be completed next Fall and serious discussions about a new bridge over the Petitcodiac river will help the local economy over the next several years.

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Nova Scotia

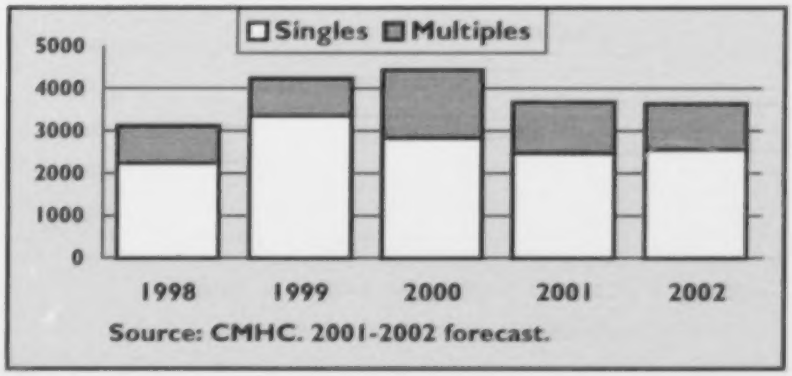
Overview

Housing market to rebound late in 2002

With economic weakness and virtually no employment growth through the first eight months of this year, housing markets have weakened significantly in 2001, particularly single family home building and new rental construction. Successive mortgage rate cuts have drawn first time buyers into the existing home market while floundering stock markets have encouraged retirees to invest in luxury condominium residences.

In tandem with economic and socio-political events unfolding around the world, the Nova Scotia economy is expected to remain subdued through the first half of 2002 as consumers face a period of continued uncertainty. The prolonged weakness in the U.S. economy will dampen prospects in trade, tourism, manufacturing, transportation, and other service industries.

Nova Scotia Starts



Source: CMHC. 2001-2002 forecast.

However, improvement is on the horizon in the latter half of next year. Tier II of the Sable Gas project as well as the Pan Canadian Deep Panuke project will begin to ramp-up next summer bringing more migrants and reviving employment and GDP growth.

As a result of these economic conditions, look for housing markets to stall over the next six months but accelerate in the second quarter of 2002.

In Detail

Single Starts: After falling 15 per cent last year, single starts are expected to decline by 13 per cent again this year but stabilize in 2002 at about 2550 units. While high land and labour costs have kept new house prices beyond the reach of many price sensitive first time home buyers (the main demand source this year), employment growth in Professional, Scientific and Technical Services sectors are expected to revive single starts in 2002.

Multiple Starts: As expected, multiple starts activity has fallen to a more typical level in 2001. While considerable softening in rental demand has capped new rental construction, demand for condominiums continues to grow strongly, particularly for luxury suites in **Metro Halifax**. Multiple starts are forecast to fall 24 per cent this year and 8 per cent in 2002 with condo starts continuing to take an increasing share of the total.

Resales: Despite a continued shortage of listings, existing home sales are forecast to grow by 4 per cent this year on the strength of first time buyer demand taking advantage of the low mortgage rates. However, shrinking demand is expected to cause a 4 per cent drop in MLS sales in 2002.

Prices: A surge in first time home buyer activity has resulted in a deceleration in MLS price growth to 4.3 per cent from 7.4 per cent last year. Prices are expected to continue to decelerate well into 2002.

Spotlight on PORT OF HALIFAX

Economic engine for the future

The Port of Halifax supports over 9,000 direct and indirect jobs and more than $670 million in GDP. While total port traffic in 2001 is below that in 2000, the port's future looks bright with offshore oil and gas activity and potential growth in container traffic.

Halifax harbour is one of the deepest ice-free ports on the Eastern seaboard, with air, road, and double-stacked rail connections. These advantages are keeping Halifax in the running as the major North American connection for post-Panamax vessels coming from the proposed Scapa Flow trans-shipment facility in Scotland.

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P.E.I.

Overview

Commercial construction will buoy the Island's economy

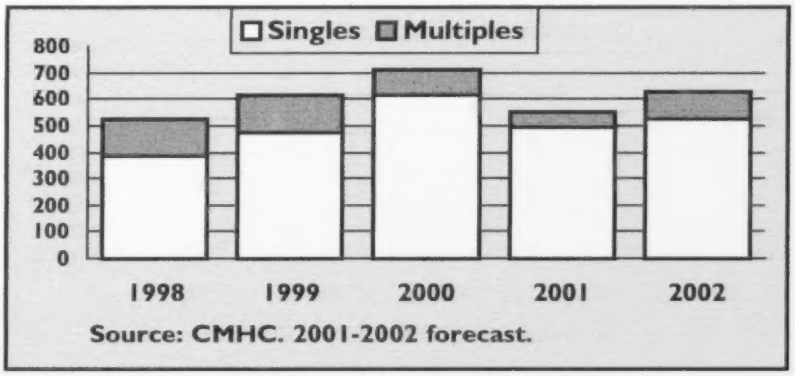
The rate of growth in Prince Edward Island's economy is expected to slow in 2001 before rebounding slightly in 2002. The slowdown is expected due to the weakening of the North American economy, and sliding consumer confidence.

Although a slowing of the economy is forecast, the fundamentals of the Island's economy are expected to remain strong. The number of people employed will remain above 65,000 in 2001, before topping 66,000 for the first time in 2002. The reason for this continued growth is the diversification of the Island's economy over the past few years.

The Island has also seen unprecedented growth in commercial construction projects this year. The two urban centres of **Charlottetown** and **Summerside** combined have issued over $75 million in commercial building permits since January. Such a high level of construction in a market this size will have a tremendous positive impact on the local economies. There has also been a host of public projects announced under the Canada-Prince Edward Island Infrastructure Program. These projects will occur over the next five years with an estimated budget of $37 million.

With the large number of commercial and government construction projects taking place over the forecast period, and the recent diversification of the local economy, the Island is expected to see positive economic growth over the next two years. As a result, total housing starts will reach 550 and 625 units in 2001 and 2002 respectively.

P.E.I. Starts



Source: CMHC. 2001-2002 forecast.

In Detail

Single Starts: The construction of single-family homes is expected to drop in 2001 before rebounding in 2002. Single starts are expected to reach 490 this year before rising to 525 units next year. This level of construction is down from the decade high level of 614 starts in 2000 but still strong in historical terms.

Multiple Starts: The current low vacancy rate on the Island, especially in the urban centres, has not yet urged developers to take advantage of the current market conditions. Multiple starts are expected to reach only 60 units this year, before rebounding to 100 units in 2002.

Resales: The resale market continues to remain strong in PEI, following a record year with 1206 sales in 2000. With decreasing interest rates and the number of listings maintaining at a constant level, the resale market is expected to remain strong over the forecast period. MLS sales are expected to reach 1100 units in both 2001 and 2002.

Prices: The average MLS price is expected to increase slightly. The average price is expected to rise by 2% in 2001 due to the strong demand for houses in the **Charlottetown** area. However next year will see the average sale price increase by a more modest 0.9%.

Spotlight on SUMMERSIDE

Record activity in commercial construction

2001 is a record setting year for the city of Summerside with commercial building permits topping $56 million through the end of August. Officials with the city say that there is a very real possibility that they could reach $70 million if other proposals are realized.

This construction is excellent news for the city as it will mean an increased tax base. The increased employment from the construction of these projects combined with the new jobs that will be created when all the construction is completed should buoy the local housing market over the forecast period.

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Newfoundland

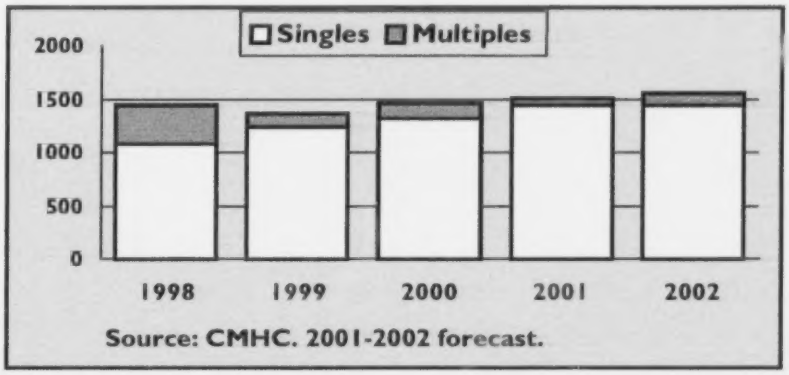
Overview

Offshore oil and service sector sustain economic expansion

With Hibernia ramping up to full production and the Terra Nova project moving full steam ahead, prospects for continued expansion in the provincial economy remain positive next year. Further gains associated with the energy sector will also be realized from expected startup of the White Rose oil project and production at the onshore Garden Hill development on the province's west coast. Solid employment increases and healthy income growth will maintain consumer confidence at high levels and underpin further gains in service based industries.

Retail and wholesale trade will continue to lead the ongoing service sector expansion. Services involved in the high tech and oil industries are also expected to improve. Accordingly, this province will return to the top of the pile as the nation's leader in economic growth next year.

Newfoundland Starts



Source: CMHC. 2001-2002 forecast.

Over the longer term horizon, a decision to develop the Voisey's Bay nickel deposit or Churchill River Hydro Power would significantly add to an already favorable forecast.

While higher incomes, rising employment and low interest rates will sustain housing demand, the majority of activity will remain urban based. The outlook for weakness in a number of resource- based industries such as forestry will limit opportunities for any sustained recovery in many rural economies. Continued out- migration will also moderate any longer-term gains in housing demand in outlying areas.

In Detail

Single Starts: Job gains and higher incomes will remain the major drivers to sustained demand for new homes. Spillover from the existing market, where inventories remain low, will also support single starts. Rural starts will likely rebound this year as income gains amongst fishery workers in recent years finally trickle through to the housing market. Overall, single starts should post healthy gains this year and remain relatively flat in 2002.

Multiple Starts: A growing seniors population, migration to urban centres, and economic growth will place further pressure on rental markets, particularly in **St. John's**. As a result, the upward trend in rents will continue, prompting new investment in rental housing in coming years. Demand for the purchase of mid-to-high priced townhouses and apartment style condominiums will also stimulate multiple starts.

Resales: Demand for existing homes powered ahead during the summer months with MLS sales posting their strongest third quarter on record. Ongoing strength has shifted a number of popular neighborhoods in the **St. John's** region to favour sellers. Low mortgage rates and employment growth will keep MLS sales at record levels this year and next.

Prices: Dwindling supplies coupled with strong demand and sales of more expensive homes will also keep the average MLS price on its record setting pace in 2001 and 2002.

Spotlight on RESALE MARKET

Most segments of the provincial housing market have improved in recent years and the resale segment has posted a stellar performance. The MLS sales increase expected in 2001, will mark the sixth year of growth and the fourth consecutive year in which sales will reach record levels.

Favourable interest rates, the resurgence in move-up activity, sales to in-migrants associated with offshore oil and sustained employment and income growth have all helped to stimulate the resale market in recent years. The competitive edge enjoyed by the existing home market as it relates to cost advantages over newly constructed units has also helped to push MLS sales to record levels.

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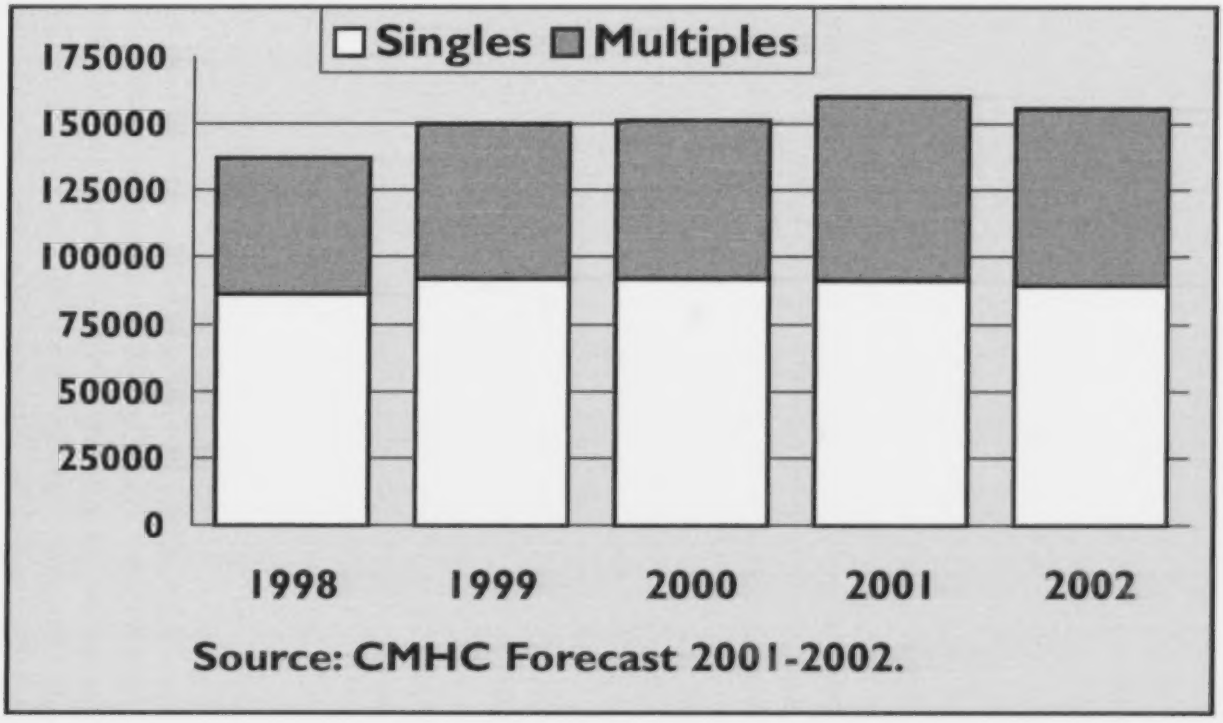
Canada Starts



Total Housing Starts
(units and annual per cent change)

	1996	1997	1998	1999	2000	2001 (F)	2002 (F)
NFLD	2034	1696	1450	1371	1459	1600	1675
%	18.8	-16.6	-14.5	-5.4	6.4	9.7	4.7
PEI	554	470	524	616	710	550	625
%	31.3	-15.2	11.5	17.6	15.3	-22.5	13.6
NS	4059	3813	3137	4250	4432	3700	3650
%	-2.6	-6.1	-17.7	35.5	4.3	-16.5	-1.4
NB	2722	2702	2447	2776	3079	3100	3000
%	18.3	-0.7	-9.4	13.4	10.9	0.7	-3.2
QUE	23220	25896	23138	25742	24695	25900	25500
%	6.1	11.5	-10.7	11.3	-4.1	4.9	-1.5
ONT	43062	54072	53830	67235	71521	74800	71500
%	20.2	25.6	-0.4	24.9	6.4	4.6	-4.4
MAN	2318	2612	2895	3133	2560	2820	3000
%	18.1	12.7	10.8	8.2	-18.3	10.2	6.4
SASK	2438	2757	2965	3089	2513	2020	2550
%	43.2	13.1	7.5	4.2	-18.6	-19.6	26.2
ALTA	16665	23671	27122	25447	26266	27650	26000
%	19.8	42.0	14.6	-6.2	3.2	5.3	-6.0
BC	27641	29351	19931	16309	14418	18000	18300
%	2.2	6.2	-32.1	-18.2	-11.6	24.8	1.7
CAN	124713	147040	137439	149968	151653	*160100	*155800
%	12.4	17.9	-6.5	9.1	1.1	5.6	-2.7

Source: CMHC Forecast 2001-2002.
(F) Forecast.
* Total does not add due to rounding.

Single-detached Starts
(units and annual per cent change)

	1996	1997	1998	1999	2000	2001 (F)	2002 (F)
NFLD	1395	1220	1086	1233	1315	1450	1450
%	19.7	-12.5	-11.0	13.5	6.7	10.3	0.0
PEI	430	374	387	472	614	490	525
%	18.1	-13.0	3.5	22.0	30.1	-20.2	7.1
NS	3278	2939	2257	3345	2856	2500	2550
%	7.8	-10.3	-23.2	48.2	-14.6	-12.5	2.0
NB	2173	2125	1989	2201	2442	2420	2400
%	26.2	-2.2	-6.4	10.7	10.9	-0.9	-0.8
QUE	14818	16073	14685	15798	15349	15900	15600
%	10.4	8.5	-8.6	7.6	-2.8	3.6	-1.9
ONT	27019	35401	32737	39421	41087	38800	38000
%	34.3	31.0	-7.5	20.4	4.2	-5.6	-2.1
MAN	1875	2019	2368	2231	2348	2450	2500
%	19.9	7.7	17.3	-5.8	5.2	4.3	2.0
SASK	1612	1954	2154	2070	1890	1550	1900
%	20.2	21.2	10.2	-3.9	-8.7	-18.0	22.6
ALTA	12949	18170	20077	16688	16835	18400	17200
%	28.3	40.3	10.5	-16.9	0.9	9.3	-6.5
BC	12447	12911	8691	8731	7448	7300	7100
%	7.5	3.7	-32.7	0.5	-14.7	-2.0	-2.7
CAN	77996	93186	86431	92190	92184	*91300	*89200
%	21.1	19.5	-7.2	6.7	-0.0	-1.0	-2.3

Source: CMHC Forecast 2001-2002.
(F) Forecast.
* Total does not add due to rounding.

Multiple Starts
(units and annual per cent change)

	1996	1997	1998	1999	2000	2001 (F)	2002 (F)
NFLD	639	476	364	138	144	150	225
%	16.8	-25.5	-23.5	-62.1	4.3	4.2	50.0
PEI	124	96	137	144	96	60	100
%	113.8	-22.6	42.7	5.1	-33.3	-37.5	66.7
NS	781	874	880	905	1576	1200	1100
%	-30.8	11.9	0.7	2.8	74.1	-23.9	-8.3
NB	549	577	458	575	637	680	600
%	-5.0	5.1	-20.6	25.5	10.8	6.8	-11.8
QUE	8402	9823	8453	9944	9346	10000	9900
%	-0.7	16.9	-13.9	17.6	-6.0	7.0	-1.0
ONT	16043	18671	21093	27814	30434	36000	33500
%	2.2	16.4	13.0	31.9	9.4	18.3	-6.9
MAN	443	593	527	902	212	370	500
%	11.0	33.9	-11.1	71.2	-76.5	74.5	35.1
SASK	826	803	811	1019	623	470	650
%	128.8	-2.8	1.0	25.6	-38.9	-24.6	38.3
ALTA	3716	5501	7045	8759	9431	9250	8800
%	-2.5	48.0	28.1	24.3	7.7	-1.9	-4.9
BC	15194	16440	11240	7578	6970	10700	11200
%	-1.8	8.2	-31.6	-32.6	-8.0	53.5	4.7
CAN	46717	53854	51008	57778	59469	*68900	*66600
%	0.4	15.3	-5.3	13.3	2.9	15.9	-3.3

Source: CMHC Forecast 2001-2002.
(F) Forecast.
* Total does not add due to rounding.

Multiple Housing Starts by Type

		1996	1997	1998	1999	2000	2001 (F)	2002 (F)
NFLD	Semi-detached	141	158	163	50	44	30	50
	Row	40	18	20	9	23	25	40
	Apartment	458	300	181	79	77	95	135
	Total	639	476	364	138	144	150	225
PEI	Semi-detached	10	12	28	32	46	30	35
	Row	68	43	10	31	21	5	10
	Apartment	46	41	99	81	29	25	55
	Total	124	96	137	144	96	60	100
NS	Semi-detached	447	303	290	218	266	225	225
	Row	59	58	89	29	17	0	25
	Apartment	275	513	501	658	1293	975	850
	Total	781	874	880	905	1576	1200	1100
NB	Semi-detached	138	106	106	134	113	90	110
	Row	92	132	89	94	26	175	60
	Apartment	319	339	263	347	498	415	430
	Total	549	577	458	575	637	680	600
QUE	Semi-detached	2384	2767	1930	1586	1291	1300	1300
	Row	1094	1433	1074	1184	858	700	700
	Apartment	4924	5623	5449	7174	7197	8000	7900
	Total	8402	9823	8453	9944	9346	10000	9900
ONT	Semi-detached	3348	4299	4575	6445	7167	7650	7550
	Row	8124	9964	10073	10425	10846	11200	8950
	Apartment	4571	4408	6445	10944	12421	17150	17000
	Total	16043	18671	21093	27814	30434	36000	33500
MAN	Semi-detached	126	143	131	90	52	70	90
	Row	113	96	81	151	63	95	130
	Apartment	204	354	315	661	97	205	280
	Total	443	593	527	902	212	370	500
SASK	Semi-detached	134	160	174	155	148	90	120
	Row	193	352	222	104	173	125	175
	Apartment	499	291	415	760	302	255	355
	Total	826	803	811	1019	623	470	650
ALTA	Semi-detached	1049	1458	1428	1570	1518	1500	1600
	Row	1203	1691	1512	1424	1545	1600	1650
	Apartment	1464	2352	4105	5765	6368	6150	5550
	Total	3716	5501	7045	8759	9431	9250	8800
BC	Semi-detached	1528	1979	1218	816	885	1000	1100
	Row	3364	3469	2117	1444	1675	2000	2100
	Apartment	10302	10992	7905	5318	4410	7700	8000
	Total	15194	16440	11240	7578	6970	10700	11200
CAN	Semi-detached	9305	11385	10043	11096	11530	*12000	*12200
	Row	14350	17256	15287	14895	15247	*15900	*13800
	Apartment	23062	25213	25678	31787	32692	*41000	*40600
	Total	46717	53854	51008	57778	59469	*68900	*66600

Source: CMHC Forecast 2001-2002.
* Total does not add due to rounding.

Multiple Housing Starts by Area and Tenure

		Centres 10,000 population and over							
		Rental/Co-op		Total			Total	Other	All Areas
		Private	Assisted	Rental	Condo	Other*	10,000+	Areas	Total
NFLD	2000	0	0	0	15	101	116	28	144
	2001	50	0	50	40	50	140	10	150
	2002	125	0	125	50	40	215	10	225
PEI	2000	62	0	62	0	10	72	24	96
	2001	40	0	40	0	5	45	15	60
	2002	60	0	60	0	10	70	30	100
NS	2000	809	0	809	371	150	1330	246	1576
	2001	560	40	600	450	50	1100	100	1200
	2002	500	0	500	425	50	975	125	1100
NB	2000	354	0	354	41	180	575	62	637
	2001	335	0	335	125	90	550	130	680
	2002	360	0	360	100	110	570	30	600
QUE	2000	3721	0	3721	3697	1432	8850	496	9346
	2001	3900	0	3900	3800	1600	9300	700	10000
	2002	3875	0	3875	3775	1575	9225	675	9900
ONT	2000	2045	0	2045	13176	15157	30378	56	30434
	2001	2750	0	2750	17850	15250	35850	150	36000
	2002	3765	0	3765	16200	13400	33365	135	33500
MAN	2000	91	0	91	36	14	141	71	212
	2001	155	0	155	110	15	280	90	370
	2002	225	0	225	140	20	385	115	500
SASK	2000	26	0	26	471	78	575	48	623
	2001	35	0	35	350	50	435	35	470
	2002	55	0	55	470	75	600	50	650
ALTA	2000	1255	0	1255	6141	888	8284	1147	9431
	2001	1600	0	1600	5775	700	8075	1175	9250
	2002	1400	0	1400	5825	500	7725	1075	8800
BC	2000	1055	524	1579	3978	809	6366	604	6970
	2001	3400	1500	4900	4400	700	10000	700	10700
	2002	2300	800	3100	6200	1000	10300	900	11200
CAN	2000	9418	524	9942	27926	18819	56687	2782	59469
	2001	12825	1540	14365	32900	18510	65775	3105	**68900
	2002	12665	800	13465	33185	16780	63430	3145	**66600

Source: CMHC Forecast 2001-2002.
* Includes homeowner and unclassified units.
** Total does not add due to rounding.

MLS Total Residential Sales
(units and annual per cent change)

	1996	1997	1998	1999	2000	2001 (F)	2002 (F)
NFLD	2005	2170	2288	2437	2593	2650	2675
%	21.1	8.2	5.4	6.5	6.4	2.2	0.9
PEI	750	806	1125	1184	1206	1100	1100
%	57.6	7.5	39.6	5.2	1.9	-8.8	0.0
NS	8372	7567	8052	8827	8429	8800	8400
%	19.3	-9.6	6.4	9.6	-4.5	4.4	-4.5
NB	4023	3941	3908	4080	4524	4600	4650
%	15.1	-2.0	-0.8	4.4	10.9	1.7	1.1
QUE	39135	43463	45192	49792	53755	57000	55000
%	31.4	11.1	4.0	10.2	8.0	6.0	-3.5
ONT	137921	140608	138463	148659	147036	156500	151000
%	31.4	1.9	-1.5	7.4	-1.1	6.4	-3.5
MAN	10965	11180	10762	11111	10612	11100	11100
%	12.5	2.0	-3.7	3.2	-4.5	4.6	0.0
SASK	8689	8346	8068	8053	7552	7700	7700
%	18.2	-3.9	-3.3	-0.2	-6.2	2.0	0.0
ALTA	37485	43693	43383	42684	43311	46500	45500
%	28.8	16.6	-0.7	-1.6	1.5	7.4	-2.2
BC	72182	68182	52910	58084	54179	68500	70000
%	24.3	-5.5	-22.4	9.8	-6.7	26.4	2.2
CAN	321527	329956	314151	334911	333197	*364500	*357100
%	27.7	2.6	-4.8	6.6	-0.5	9.4	-2.0

Source: Canadian Real Estate Association and Real Estate Board of the Fredericton Area Inc., CMHC Forecast 2001-2002.
(F) Forecast.
* Total does not add due to rounding.

MLS Average Residential Price
(dollars and annual per cent change)

	1996	1997	1998	1999	2000	2001 (F)	2002 (F)
NFLD	93661	92226	91514	94359	99525	103000	105000
%	4.6	-1.5	-0.8	3.1	5.5	3.5	1.9
PEI	83922	86403	79577	82139	82883	84500	85250
%	13.7	3.0	-7.9	3.2	0.9	2.0	0.9
NS	93444	96693	97015	102628	110269	115000	118000
%	4.1	3.5	0.3	5.8	7.4	4.3	2.6
NB	84198	87204	86648	88072	91624	94000	95000
%	0.2	3.6	-0.6	1.6	4.0	2.6	1.1
QUE	98435	101715	103947	107501	111260	116000	119000
%	-0.3	3.3	2.2	3.4	3.5	4.3	2.6
ONT	155662	164382	167115	174049	183870	195000	202000
%	0.7	5.6	1.7	4.1	5.6	6.1	3.6
MAN	85318	85404	86419	84525	87884	92000	96000
%	4.2	0.1	1.2	-2.2	4.0	4.7	4.3
SASK	77478	83978	87577	91396	94047	99500	103500
%	5.0	8.4	4.3	4.4	2.9	5.8	4.0
ALTA	117673	124865	132905	139621	146258	152000	157000
%	2.5	6.1	6.4	5.1	4.8	3.9	3.3
BC	218687	220512	212045	215283	221371	220000	223500
%	-1.4	0.8	-3.8	1.5	2.8	-0.6	1.6
CAN	150837	154644	152402	158126	164135	*172500	*177800
%	0.3	2.5	-1.4	3.8	3.8	5.1	3.1

Source: Canadian Real Estate Association and Real Estate Board of the Fredericton Area Inc., CMHC Forecast 2001-2002.
(F) Forecast.
* Total does not add due to rounding.

Employment (annual per cent change)

	1996	1997	1998	1999	2000	2001 (F)	2002 (F)
NFLD	-3.7	1.2	2.6	5.5	-0.2	3.0	1.0
PEI	2.9	0.5	1.9	1.5	5.3	1.2	1.5
NS	0.2	1.6	3.8	2.4	2.7	0.5	1.2
NB	-1.2	1.5	2.3	3.3	1.8	0.0	0.9
QUE	-0.1	1.6	2.7	2.3	2.4	0.9	1.0
ONT	1.0	2.6	3.3	3.6	3.2	1.5	1.8
MAN	-0.1	1.3	1.9	1.3	2.2	0.5	1.2
SASK	-0.4	2.7	1.3	0.8	1.0	-2.6	1.0
ALTA	2.9	3.5	3.9	2.5	2.3	2.7	2.0
BC	1.6	2.6	0.1	1.9	2.2	0.4	1.5
CAN	0.8	2.3	2.7	2.8	2.6	1.1	1.5

Source: Statistics Canada, CMHC Forecast 2001-2002.
(F) Forecast.

Unemployment Rate (per cent)

	1996	1997	1998	1999	2000	2001 (F)	2002 (F)
NFLD	19.3	18.6	18.0	16.9	16.7	16.0	15.9
PEI	14.8	15.4	13.9	14.4	12.0	12.0	11.8
NS	12.3	12.1	10.5	9.6	9.1	9.5	9.4
NB	11.6	12.7	12.2	10.2	10.0	11.1	11.2
QUE	11.9	11.4	10.3	9.3	8.4	8.8	9.1
ONT	9.0	8.4	7.2	6.3	5.7	6.5	7.1
MAN	7.2	6.5	5.5	5.6	4.9	5.0	4.6
SASK	6.6	5.9	5.8	6.1	5.2	6.0	5.6
ALTA	6.9	5.8	5.6	5.7	5.0	4.7	4.7
BC	8.7	8.4	8.8	8.3	7.2	7.3	7.5
CAN	9.6	9.1	8.3	7.6	6.8	7.2	7.5

Source: Statistics Canada, CMHC Forecast 2001-2002.
(F) Forecast.

Real Gross Domestic Product (annual per cent change)

	1996	1997	1998	1999	2000 (E)	2001 (F)	2002 (F)
NFLD	-4.2	1.1	6.0	6.0	5.2	2.3	5.5
PEI	3.2	-1.9	3.0	3.2	4.0	2.1	2.7
NS	0.3	3.2	3.0	5.2	2.7	1.9	2.5
NB	1.3	0.4	4.0	4.2	3.9	2.0	2.5
QUE	1.4	3.3	3.0	4.7	4.2	1.3	2.0
ONT	1.1	4.9	4.1	6.1	5.7	1.9	2.5
MAN	3.0	3.4	2.9	3.0	3.5	2.3	2.0
SASK	1.9	5.2	2.4	1.1	3.0	1.0	2.0
ALTA	2.4	7.5	3.7	2.5	6.5	4.0	3.5
BC	2.8	3.3	0.9	2.1	3.0	1.1	2.9
CAN	1.6	4.3	3.9	5.1	4.4	1.6	2.3

Source: Statistics Canada, CMHC Estimate 2000, CMHC Forecast 2001-2002.
(E) Estimate (for provinces only). (F) Forecast.
National figures reflect the Fisher index, while provincial figures reflect the Laspeyres indices.

Total Net Migration* (persons)

	1996	1997	1998	1999	2000	2001 (F)	2002 (F)
NFLD	-7934	-8414	-7751	-2316	-3341	-3000	-2750
PEI	595	-232	117	882	403	350	400
NS	1599	527	222	3012	990	750	1250
NB	-620	-1223	-2257	1068	866	500	750
QUE	5422	-1981	1637	5788	3486	2200	1200
ONT	84158	93877	71339	96598	123772	142000	126000
MAN	-1476	-4179	-1629	1272	752	-580	380
SASK	-588	-1473	-952	-4913	-7350	-6140	-4000
ALTA	24722	40645	45626	20402	30121	32000	29000
BC	67505	44614	11166	24512	17892	27000	32000
CAN**	173383	162161	117518	146305	167591	195080	184230

Source: Statistics Canada, CMHC Forecast 2001-2002.
(F) Forecast.
* Sum of interprovincial migration, international migration, and non-permanent residents.
** Excludes Yukon, Northwest Territories, and Nunavut.

Local Market Indicators

Census Metropolitan Area		Total housing starts	Single-detached housing starts	New housing price index, annual % chg.	MLS sales	MLS single-detached average price	*	Rental vacancy rate structures of 3 units +
Victoria	2000	872	531	-4.3	4508	251398	A	1.8
	2001(F)	1030	560	0.7	5450	258000	A	0.9
	2002(F)	1040	600	2.6	5700	263000	A	0.7
Vancouver	2000	8203	3132	-1.0	20401	378130	A	1.4
	2001(F)	10500	3100	-1.0	28500	370000	A	1.2
	2002(F)	11000	3200	0	29000	374000	A	1.1
Edmonton	2000	6228	4072	2.1	14189	124203	A	1.4
	2001(F)	7000	4600	1.1	15900	132000	A	1.0
	2002(F)	7100	4600	2.5	15700	137000	A	1.2
Calgary	2000	11093	6749	2.4	19828	176305	A	1.3
	2001(F)	10500	7100	2.1	21600	182500	A	1.8
	2002(F)	10100	6850	2.0	20900	189700	A	1.8
Saskatoon	2000	968	602	2.0	2758	112567	A	1.4
	2001(F)	800	500	3.0	2900	117000	A	2.0
	2002(F)	1000	650	2.5	2900	121500	A	2.0
Regina	2000	615	459	2.6	2612	94518	A	1.4
	2001(F)	500	400	2.5	2700	97000	A	2.0
	2002(F)	625	475	2.5	2700	100000	A	2.0
Winnipeg	2000	1317	1210	2.8	9465	88553	A	2.0
	2001(F)	1490	1240	2.5	10000	94000	A	1.5
	2002(F)	1615	1290	2.5	10000	98500	A	1.5
Thunder Bay	2000	154	141	-1.3	1279	109811	A	5.8
	2001(F)	190	140	-1.0	1305	110909	A	4.0
	2002(F)	260	150	0.3	1344	112018	A	3.0
Sudbury	2000	173	169	-1.3	1825	109262	A	7.7
	2001(F)	180	175	-1.0	1830	109700	A	7.5
	2002(F)	190	180	0.3	1875	110000	A	7.0
Windsor	2000	2382	1748	0.7	4616	137453	A	1.9
	2001(F)	1,975	1,550	0.0	4600	141580	A	1.8
	2002(F)	2,025	1,575	1.0	4650	144410	A	2.0
London	2000	1713	1198	2.9	6505	134594	A	2.2
	2001(F)	1,525	1,225	2.2	7000	137000	A	2.1
	2002(F)	1,840	1,125	1.5	6550	138000	A	1.8
Kitchener	2000	3509	2261	4.0	4567	157386	A	0.7
	2001(F)	3,300	2,200	3.3	4575	165500	A	0.8
	2002(F)	3,300	2,275	3.3	4600	172500	A	1.2
St. Catharines-Niagara	2000	1230	962	4.2	4977	130854	A	2.6
	2001(F)	1,207	900	2.7	5210	137400	A	2.3
	2002(F)	1,220	915	3.3	5100	142250	A	2.0
Hamilton	2000	3108	1884	2.5	10347	164168	A	1.7
	2001(F)	3,375	1,775	2.8	10800	172500	A	1.3
	2002(F)	3,415	1,800	3.3	10750	174500	A	1.4
Toronto	2000	38982	17119	2.7	58349	243249	A	0.6
	2001(F)	41,000	15,500	2.6	64000	250000	A	0.7
	2002(F)	37,500	14,000	1.7	60000	255000	A	0.8

Local Market Indicators

Census Metropolitan Area		Total housing starts	Single-detached housing starts	New housing price index % annual chg.	MLS sales	MLS single-detached average price	*	Rental vacancy rate Structures of 3 units +
Oshawa	2000	2874	2152	n.a.	4401	164416	A	1.7
	2001(F)	2,500	2,000	n.a.	4450	170000	A	1.6
	2002(F)	2,475	1,975	n.a.	4400	175000	A	1.4
Ottawa	2000	5786	3494	7.3	12692	186992	A	0.2
	2001(F)	6,700	3,910	11.3	11463	202886	A	0.3
	2002(F)	5,510	2,950	5.0	11600	216682	A	0.5
Hull	2000	1224	768	n.a.	3230	91750	A	1.4
	2001(F)	1500	995	n.a.	3800	100000	A	0.6
	2002(F)	1350	813	n.a.	3000	97000	A	1.0
Montréal	2000	12766	6800	3.7	29555	132632	A	1.5
	2001(F)	12400	6900	5	32500	139000	S	1.0
	2002(F)	11600	6300	5	30500	143000	S	0.8
Trois-Rivières	2000	337	225	n.a.	746	78000	S	6.8
	2001(F)	335	230	n.a.	750	79500	S	6.2
	2002(F)	400	242	n.a.	750	80500	S	6.0
Sherbrooke	2000	515	283	n.a.	1114	91300	A	4.7
	2001(F)	540	283	n.a.	1200	91300	A	3.5
	2002(F)	580	261	n.a.	1150	94500	A	3.0
Québec	2000	2275	1262	2.1	6254	88996	A	1.6
	2001(F)	2575	1408	n.a.	6500	91500	A	0.8
	2002(F)	2800	1496	n.a.	6500	94250	A	0.8
Chicoutimi-Jonquière	2000	296	203	n.a.	785	82331	S	4.4
	2001(F)	320	227	n.a.	795	84500	A	4.7
	2002(F)	320	223	n.a.	805	86500	A	5.0
Saint John	2000	346	309	-0.3	1383	94511	A	3.4
	2001(F)	375	320	0.5	1350	95000	A	4.3
	2002(F)	370	310	0.2	1350	94500	A	4.6
Halifax	2000	2661	1373	3.3	5610	128003	A	3.6
	2001(F)	2275	1225	2.5	5950	132000	A	4.5
	2002(F)	2100	1200	2.2	5700	135000	A	4.2
St. John's	2000	935	825	2.2	2453	100763	A	3.8
	2001(F)	925	775	2	2525	103500	A	2.5
	2002(F)	1000	800	2	2550	105500	A	2.0
Charlottetown	2000	318	264	1.8	497	103435	A	2.6
	2001(F)	250	210	1.7	460	105000	A	2.4
	2002(F)	280	230	1.3	450	106000	A	2.6
ALL METRO AREAS	2000	110880	60195	2.2	234946			1.6
	2001(F)	115267	59448	2.5	258113			1.3
	2002(F)	111015	56485	2.1	250524			1.3

*** Notes:**

A: Average MLS price for all dwelling types

S: Singles and semi-detached units

n.a.: data not available

Source: CMHC, Canadian Real Estate Association, Local real estate boards, Statistics Canada, CMHC Forecast 2001-2002.

Major Housing Indicators
Seasonally Adjusted Annual Rates
(levels and quarterly per cent change)

	99:Q4	00:Q1	00:Q2	00:Q3	00:Q4	01:Q1	01:Q2	01:Q3
New housing								
Building permits, units, thousands	169.3	153.6	144.9	159.7	150.0	167.1	162.4	..
%	3.9	-9.3	-5.6	10.2	-6.1	11.4	-2.8	..
Housing starts, total, thousands	156.4	160.5	141.8	156.6	154.2	163.0	163.4	156.1
%	6.4	2.6	-11.7	10.4	-1.5	5.7	0.2	-4.5
Housing starts, singles, thousands	95.8	100.4	89.8	92.1	91.5	98.3	91.9	93.5
%	2.7	4.8	-10.6	2.6	-0.7	7.4	-6.5	1.7
Housing starts, multiples, thousands	60.6	60.1	52.0	64.5	62.7	64.7	71.5	62.6
%	12.8	-0.8	-13.5	24.0	-2.8	3.2	10.5	-12.4
Housing completions, total, thousands	147.3	149.1	146.1	149.0	140.0	147.9	151.2	154.1
%	5.8	1.2	-2.0	2.0	-6.0	5.6	2.2	1.9
New house price index, 1992=100	101.8	102.3	102.9	103.5	104.2	104.9	105.8	..
%	0.6	0.5	0.6	0.6	0.7	0.6	0.8	..
Existing housing								
MLS resales, units, thousands	326.7	338.6	328.7	332.3	333.2	352.1	371.3	..
%	-5.1	3.6	-2.9	1.1	0.3	5.7	5.5	..
MLS average resale price, $C thousands	160.6	161.4	163.0	164.9	167.3	165.7	171.4	..
%	0.6	0.5	0.9	1.2	1.4	-1.0	3.5	..
Mortgage market								
Mortgages outstanding, $C billions	415.4	421.3	426.3	430.0	433.8	439.2	443.9	..
%	0.9	1.4	1.2	0.9	0.9	1.2	1.1	..
Mortgage approvals, $C billions	68.7	69.5	72.0	76.5	78.7	84.3	89.5	..
%	-11.9	1.1	3.6	6.4	2.8	7.1	6.2	..
1-year mortgage rate, per cent*	7.35	7.63	8.03	7.90	7.83	7.10	6.73	6.03
5-year mortgage rate, per cent*	8.25	8.48	8.52	8.25	8.15	7.58	7.67	7.50
Residential investment**								
Total, $1997 billions	45.7	45.9	44.7	45.8	46.2	46.9	46.9	..
%	2.5	0.4	-2.6	2.4	1.0	1.4	0.1	..
New, $1997 billions	23.5	23.4	22.4	22.8	22.9	23.7	23.5	..
%	4.8	-0.6	-4.1	1.5	0.5	3.7	-0.8	..
Alterations, $1997 billions	15.3	15.5	15.5	15.9	16.4	16.0	15.7	..
%	3.4	1.3	0.0	3.1	2.6	-2.1	-1.8	..
Transfer costs, $1997 billions	6.9	7.0	6.8	7.1	7.0	7.1	7.6	..
%	-6.2	1.9	-3.2	3.6	-0.8	1.8	6.9	..
Deflator, 1997=100	104.2	106.1	106.3	105.5	106.4	107.9	108.7	..
%	0.2	1.9	0.2	-0.8	0.9	1.4	0.8	..

Sources: CMHC, Statistics Canada, Bank of Canada, Canadian Real Estate Association.
.. Data not available.
* All indicators are seasonally adjusted, except 1-year and 5-year mortgage rates.
** Residential Investment includes outlays for new permanent housing, conversion costs, cost of alterations and improvements, supplementary costs, and transfer costs.